

Call for feedback on the Platform on Sustainable Finance's draft proposal for an extended taxonomy to support economic transition

Fields marked with * are mandatory.

Introduction

Disclaimer:

This call for feedback is part of ongoing work by the [Platform on Sustainable Finance](#), which was set up by the Commission to provide advice on the further development of the EU taxonomy framework.

This feedback process is not an official Commission consultation. The draft report produced by the Platform is not an official Commission document. Nothing in this feedback process commits the Commission nor does it preclude any policy outcomes.

In March 2018 the Commission published its [action plan: financing sustainable growth](#), based on the advice of the [High Level Expert Group \(HLEG\)](#). Action 1 of the Commission's action plan calls for the establishment of an EU classification system for sustainable activities, or taxonomy. The Commission followed through on this action by proposing a regulation for such a taxonomy. The [Taxonomy Regulation](#) was adopted by the co-legislators in June 2020. It establishes the basis for the [EU taxonomy](#) by setting out 4 overarching conditions that an economic activity has to meet in order to qualify as making a substantial contribution to environmental objectives.

Development of the EU taxonomy relies on extensive input from experts from across the economy and civil society. The [Platform on Sustainable Finance](#) plays a key role in enabling such cooperation by bringing together the best expertise on sustainability from the corporate and public sector, from industry as well as academia, civil society and the financial industry join forces.

As a permanent expert group of the Commission that has been established under Article 20 of the Taxonomy Regulation, the Platform has been tasked to advise the Commission on further developing the EU taxonomy, improving its usability and exploring its expansion to social objectives, activities that significantly harm environmental sustainability or activities that have no significant impact on environmental sustainability.

In October 2020, the Commission established the Platform with five working groups, including the [subgroup on negative and low impact activities](#). The subgroup has been tasked to advise the Commission on the development of the taxonomy with regard to economic activities that do not have a significant impact on environmental sustainability and economic activities that significantly harm environmental sustainability.

The environmental challenges we face put an immense task ahead of us: to transition to a low carbon, climate-resilient, and environmentally sustainable economy. The aim of sustainable finance policies is to help all economic actors navigate that transition with the urgency needed to avoid risks and meet climate and environmental goals.

The EU taxonomy creates a common definition and gives recognition to economic activities that make a substantial contribution to an environmental objective, while not doing significant harm to any other environmental objective and meeting minimum social safeguards. In this setting, the taxonomy framework already defines levels of 'significant harm'. Co-legislators mandated the Commission to explore whether this framework could be extended to further categories of environmental performance: activities that do significant harm and activities with no significant impact.

There are many ways in which the taxonomy framework could be extended. Those that make a substantial contribution without undermining any of the goals and while ensuring they are socially sustainable, are already recognised, as the transition could not succeed without having a lot more of such green activities. But a successful transition also means that actors that do not make a substantial contribution can also start and continue their transition, including taking valid and robust interim steps towards sustainability. The objective of this analysis is to explore how an extended taxonomy could help economic actors on this urgent environmental transition pathway, irrespective of what level of environmental performance they start from.

On 12 July 2021, the Platform published its [first draft proposal for an extended taxonomy to support economic transition](#). The report explores the main considerations behind the questions of this consultation. You are kindly invited to read that report before filling in this questionnaire.

Call for feedback

The Platform is inviting stakeholders to provide feedback on the draft report through this online questionnaire.

The deadline for providing feedback has been extended to Monday 6 September 2021 at 12:00 CEST (midday).

In the online questionnaire, you will be asked to comment on certain aspects of the report and make suggestions.

Next steps

The Platform is still working on some important aspects of these questions and will proceed to develop its final report and final recommendations after considering the stakeholder input collected through this call for feedback.

The Platform will submit the final report with their advice to the Commission in autumn 2021. The Commission will analyse and consider the report in view of the continuous developing of the EU taxonomy, as anticipated in the new [sustainable finance strategy](#).

By the end of 2021, the Commission will publish a report on the provisions required for a social taxonomy, as required by the Taxonomy Regulation.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-platform-sf@ec.europa.eu.

More information on

- [the call for feedback document](#)
- [the draft report on an extended taxonomy to support economic transition](#)
- [the publication of the 2 draft reports](#)
- [the Platform on Sustainable Finance](#)
- [sustainable finance](#)
- [the protection of personal data regime for this call for feedback](#)

About you

* I am giving my contribution as

- ☐ Academic/research institution
- ☐ Business association
- ☐ Company/business organisation
- ☐ Consumer organisation
- ☐ EU citizen
- ☐ Environmental organisation
- ☐ Non-EU citizen
- ☒ Non-governmental organisation (NGO)
- ☐ Public authority
- ☐ Trade union
- ☐ Other

* First name

maria

* Surname

van der heide

* Email (this won't be published)

maria.vanderheide@shareaction.org

* Organisation name

255 character(s) maximum

ShareAction

Transparency register number

255 character(s) maximum

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

75791956264-20

* Where are you based and/or where do you carry out your activity?

- ☐ Austria
- ☒ Belgium
- ☐ Bulgaria
- ☐ Croatia
- ☐ Cyprus
- ☐ Czech Republic
- ☐ Denmark
- ☐ Estonia
- ☐ Finland
- ☐ France
- ☐ Germany
- ☐ Greece
- ☐ Hungary
- ☐ Iceland
- ☐ Ireland
- ☐ Italy
- ☐ Latvia
- ☐ Liechtenstein
- ☐ Lithuania
- ☐ Luxembourg
- ☐ Malta
- ☐ Netherlands
- ☐ Norway

- ☐ Poland
- ☐ Portugal
- ☐ Romania
- ☐ Slovakia
- ☐ Slovenia
- ☐ Spain
- ☐ Sweden
- ☐ Switzerland
- ☐ United Kingdom
- ☐ Other country

Field of activity

* Financial activity

Please select as many answers as you like

- ☐ Accounting
- ☐ Auditing
- ☐ Banking
- ☐ Credit rating agencies
- ☐ Insurance
- ☐ Pension provision
- ☐ Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- ☐ Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)
- ☐ Social entrepreneurship
- ☐ Other
- ☒ Not applicable

* Non-financial activity (NACE)

Please select as many answers as you like

- ☐ Agriculture, forestry and fishing
- ☐ Mining and quarrying
- ☐ Manufacturing
- ☐ Electricity, gas, steam and air conditioning supply
- ☐ Water supply; sewerage, waste management and remediation activities
- ☐ Construction

- ☐ Transportation and storage
- ☐ Accommodation and food service activities
- ☐ Information and communication
- ☐ Real estate activities
- ☐ Professional, scientific and technical activities
- ☐ Administrative and support service activities
- ☐ Public administration and defence; compulsory social security
- ☐ Education
- ☐ Human health and social work activities
- ☐ Other
- ☒ Not applicable

*** Contributions received are intended for publication on the Commission's website. Do you agree to your contribution being published?**

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

- ☒ **Yes, I agree to my responses being published under the name I indicate (**
name of your organisation/company/public authority or your name if your reply
as an individual – your email address will never be published)
- ☐ **No, I do not want my response to be published**

☒ I agree with the [personal data protection provisions](#)

Your opinion

Question 1. Which environmental performance levels should the taxonomy distinguish, with a view to help the environmental transition?

Please select all of those that you would prioritise:

Please select as many answers as you like

- ☒ Substantial contribution
- ☒ Intermediate performance
- ☒ Significantly harmful - but can improve to sustainability
- ☐ Significantly harmful - but can improve not to do significant harm

- ☒ Significantly harmful - but cannot improve sufficiently to avoid doing no significant harm
- ☐ No significant impact

Question 2. How could policies ensure that recognising the transition from significantly harmful to intermediate performance will not slow down the transition to green activities (that evidence shows we need to accelerate)?

Please select all that you agree with:

Please select as many answers as you like

- ☐ Not relevant
- ☒ Distinguish different levels of environmental performance clearly throughout the taxonomy and in other instruments
- ☐ Recognise only improvements from and to a well-defined level of environmental performance, rather than recognising activities sitting in a given level of performance below substantial contribution
- ☒ Require continued improvement beyond the relevant investment plan
- ☒ Require associated entity level transition strategy to understand the credibility of the intermediate transition.
- ☐ Recognise multiple ways of transition depending on type of Technical Screening Criteria.
- ☒ Other safeguards would be needed

Question 3. Do you consider that recognising/naming the significant harm performance level would be important?

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not applicable

Question 3.1 Please select the answer you agree with:

- ☐ voluntary disclosures and guidance are sufficient
- ☒ voluntary reporting is not effective, the mandatory solution is needed urgently
- ☐ agree with the staged approach in the report to first work with voluntary disclosures/ guidance and in a later stage introduce mandatory reporting
- ☐ Don't know / no opinion / not applicable

‘Significantly harmful’ taxonomy

Question 4. In your view what would be the advantages and disadvantages of a ‘significantly harmful’ taxonomy as designed by the Platform (i.e. accompanied by an assessment of the existing and needed EU policy and legislative initiatives aimed at incentivising finance for urgent transition away from significantly harmful activities, for building climate-resilience and to support greening of the whole economy)?

Advantages – a ‘significantly harmful’ taxonomy would:

Please select as many answers as you like

- ☒ increase the transparency of environmental performance levels of activities
- ☒ improve the communication of transitions and transition plans on activity level
- ☒ help companies to develop strategies and investment plans for moving away from significantly harmful performance levels and meeting environmental objectives
- ☒ help markets define and develop instruments for financing the transition
- ☒ enhance risk management frameworks
- ☒ help policymakers to provide subsidies for decommissioning
- ☒ other

Please elaborate on your answer on the advantages of a ‘significantly harmful’ taxonomy. Could advantages be further enhanced? If so how?

1000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

A ‘significantly harmful’ taxonomy as designed by the Platform is needed to clarify which activities can be considered as always damaging for the environment, as currently this is not clearly defined. This will label activities that should receive no further finance (no transition finance), except for decommissioning. This taxonomy is urgently needed to facilitate a transition from harmful to environmentally sustainable activities and hereby allowing for a successful pathway to reach the Paris Agreement and other environmental goals. It is important that the current price gap between harmful and sustainable investments is addressed to facilitate real market shifts. Currently more costs are imposed on sustainable investments (for admin costs to prove they are sustainable). Whereas prices for externalities in harmful activities are not factored in. Harmful needs to become more expensive and sustainable needs to become cheaper to shift the allocation of money from harmful to sustainable.

Disadvantages – a ‘significantly harmful’ taxonomy would:

Please select as many answers as you like

- ☐ be a departure from the positive spirit of the green taxonomy
- ☐ negatively impact the ability of companies to raise finance for transition
- ☐ accelerate transition risks and risks creating “stranded asset by legislation”

- ☐ negatively impact banks with high shares of lending to certain companies both among retail customers and on the wholesale markets
- ☐ disadvantage EU companies vs non-EU jurisdiction
- ☐ increase complexity, reporting burden and affect usability of the taxonomy
- ☒ other

Please elaborate on your answer on the disadvantages of a ‘significantly harmful’ taxonomy. How could they be addressed?

1000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Review of the TSC will likely be subject to significant lobbying, which the Commission should be prepared for by ensuring it is well versed in the scientific basis for setting TSC. If the IP thresholds are set without sufficient ambition, it could negatively impact the transition towards a green economy, particularly if incentives for green over intermediate transition are not effective enough.

Two types of significantly harmful activities

The report distinguishes two types of significantly harmful activities

- those that are ‘always significantly harmful’ (no technical option to transition to an environmental performance not causing significant harm)
- and those that can transition out of causing significant harm

Question 5. Do you agree with the following statements?

Please check all boxes that you agree with:

Please select as many answers as you like

- ☒ **Always significantly harmful activities should be distinguished** from those activities that have a potential to transition out of significant harm
- ☒ Criteria should be added under the green taxonomy to **recognise as green the closure / decommissioning** for such always significantly harmful activities
- ☒ **Mandatory reporting** on turnover from and capex/opex related to always significantly harmful activities should be introduced

Question 6. Do you consider recognising/naming the intermediate performance level useful to encourage mitigating significant harm?

- ☒ Yes
- ☐ No

- ☐ Don't know / no opinion / not applicable

Please explain your answer to question 6:

1000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The intermediate performance (IP) level already exists between the significant contribution and significant harm thresholds. Naming the IP level helps investors recognize differences in company performance as well as improvements over time, across the whole portfolio. The name must be clear that this category goes beyond "do no harm" and is still likely to have a big, often negative, environmental impact. We agree with the suggestion to report to the exact position within IP as this could disincentivise lower performing IP activities. The IP level should be only temporary: continuous improvement in IP is essential to not slow down the transition. Activities that cannot transition out of the IP level into SC in a timely manner should be classified as always SH. For quantitative TSC where the criteria are expected to move towards zero, such as net GHG emissions, the IP level should cease to exist in line with science-based pathways (e.g. 2035 for power generation, 2050 for CO2 emissions).

Question 7. For activities that are in the intermediate performance space (in between significant harm and substantial contribution):

a) should all turnover from such activities be recognised as intermediate turnover, and all opex as intermediate opex?

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

Please explain your answer to question 7. a):

1000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Continued improvement beyond the intermediate performance level, as part of an entity-level transition strategy, must be required. This is essential to avoid slowing down the transition. For activities in the IP space, financial metrics should be broken down as relevant into SH, IP and SC as this would be useful information for investors. This is because many activities, such as 'manufacture of cement', are broad. In addition, breaking down IP capex/opex/turnover helps assess where activities stand relative to SH and SC for both well and more broadly defined activities. This will help to increase ambition, driving upward movement within IP. A blanket approach per category is inferior since, in aggregate it obscures necessary information on whether capex/opex/turnover is supporting improvement towards SC or not. The focus should always be on continued improvement towards meeting SC.

b) should all capex be recognised as 'intermediate capex' irrespective of whether or not it improves environmental performance of the activity and by how much?

- ☐ Yes
- ☒ No

- ☐ Don't know / no opinion / not applicable

Please explain your answer to question 7. b):

1000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Continued improvement beyond the intermediate performance level, as part of an entity-level transition strategy, must be required. This is essential to avoid slowing down the transition. For activities in the IP space, financial metrics should be broken down as relevant into SH, IP and SC as this would be useful information for investors. This is because many activities, such as 'manufacture of cement', are broad. In addition, breaking down IP capex/opex/turnover helps assess where activities stand relative to SH and SC for both well and more broadly defined activities. This will help to increase ambition, driving upward movement within IP. A blanket approach per category is inferior since, as the aggregate for some activities, it obscures necessary information on whether capex/opex/turnover is supporting improvement towards SC or not. The focus should always be on continued improvement towards meeting SC.

Intermediate transition

The report recommends to recognise 'intermediate transition', differentiated from green transition.

Question 8. What do you think are the essential conditions for recognising such intermediate transitions for activities that can make a substantial contribution to the given environmental objective:

Please select as many answers as you like

- ☒ a) that the activity reaches the intermediate performance level, in other words does not do significant harm to that particular environmental objective
- ☐ b) in addition, that the activity continues to improve its environmental performance in order to stay in that intermediate performance level and not to do significant harm even if in the future the criteria are tightened.
- ☒ c) in addition, that the activity continues to improve its environmental performance in order to reach substantial contribution (green) in the future
- ☒ d) in addition, that the activity does no significant harm to other environmental objectives
- ☐ e) in addition, that the activity does no significant harm to any of the other environmental objectives, with the exception of adaptation (because failing to meet the do no significant harm criteria to adaptation means only a harm on the activity itself)

You selected option c) in question 8.

The criteria for ensuring that the activity will improve to reach substantial contribution should include to:

Please select as many answers as you like

- ☒ have a transition plan in place
- ☒ set a deadline for the transition
- ☒ have the transition plan validated by the Board
- ☒ publish the transition plan
- ☒ audit the transition plan
- ☒ other

Please specify to what else should the criteria include, in relation with option c) in question 8.:

1000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The transition plan is shown to meet specific standards set out by the taxonomy, namely alignment with significant contribution criteria tightening over time. It should include annual reporting and accountability for poor implementation. A distinction must be made between entity-level and activity-specific transition strategies.

Criteria need to be developed on what information should be included in the entity level plan. At a minimum, this should include alignment with a 1.5°C climate scenario with no or limited overshoot for mitigation and adaptation criteria. Activities that cannot be improved quickly enough to reach significant contribution in line with environmental objectives should be decommissioned, as should significantly harmful activities.

This would support standardisation of transition plans at both the activity- and entity-level, where voluntary application has produced poor results to date.

Question 9. Do you have other suggestions for extending the taxonomy framework for significantly harmful activities, intermediate performance, intermediate transition?

1000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We urgently highlight the risks in distinguishing the two types of SH activities. It is a key weak point for regressive lobbying, that the Platform has already been subject to by, e.g., the gas industry. Power generation from all fossil fuels should be included in always significantly harmful.

SC for climate objectives must be in line with global 1.5C pathways, with low or no overshoot, that do not rely heavily on carbon dioxide removal. For quantitative TSC that will go to zero, timeframes and transition plans for continuous improvement to SC must be in line with dates in science-based pathways for sustainability. All activities should reach SC by these dates otherwise they are SH. E.g., emissions criteria

for power generation should move to zero by 2035 or before. This also holds true for other objectives e.g. biodiversity.

Bonds for specific improvement projects also exist, so relevant financial metrics related to this should also be considered (alongside opex, etc).

‘No significant (environmental) impact’ taxonomy

Question 10. In your view what would be the advantages and disadvantages of a ‘no significant (environmental) impact’ taxonomy?

Check all that apply and add anything you think is missing:

Advantages – a ‘no significant environmental impact’ taxonomy would:

Please select as many answers as you like

- ☒ help the ESG analysis
- ☐ be beneficial for SME’s to access finance
- ☐ be beneficial for SME’s to access green finance (if it can allow for / incentivise greening even within the NSI space, where there is such possibility)
- ☐ ensure banks can report green lending to SMEs and continue to develop these markets
- ☐ allow easier access to finance for larger companies in these sectors
- ☐ other

Please elaborate on your answer on the advantages of a ‘no significant (environmental) impact’ taxonomy. Could advantages be further enhanced? If so how?

1000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

A 'no significant environmental impact' taxonomy could be relevant for activities that cannot be considered harmful nor intermediate nor green. Priority should be given to develop the significantly harmful taxonomy.

Disadvantages – a ‘no significant environmental impact’ taxonomy would:

Please select as many answers as you like

- ☐ be too complex to manage, as a framework
- ☐ imply burdensome reporting obligations
- ☐

risk disadvantaging 'no significant impact activities' vis-à-vis intermediate contribution activities that are likely to be more polluting

☐ other

Question 11. Can you give examples of activities which you think would be considered as NSI?

1000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 12. If there was to be an extension of the taxonomy to address NSI activities, should it be a requirement for companies or investors wishing to report activities under the NSI taxonomy to first participate in an environmental labelling or certification scheme (such as [EMAS](#)) to validate minimum levels of environmental performance?

- ☐ Yes, reporting of activities should stay voluntary but conditional upon such a certification/labelling
- ☐ No, reporting of activities should stay voluntary but there should not be any certification/labelling as a condition
- ☒ Don't know / no opinion / not applicable

Please explain your answer to question 12:

1000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 13. Do you consider it would be helpful if the Platform prepared non-binding guidance on NSI activities which could be published by the Commission for voluntary use by taxonomy users?

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

Please explain your answer to question 13:

1000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 14. Are you in favour of a phased approach where NSI could be recognised as a generic category (through guidance) without L1 change?

- ☐ Yes, it is a priority
- ☐ Yes but it should be done in future only
- ☐ No
- ☒ Don't know / no opinion / not applicable

Please explain your answer to question 14:

1000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 15. Prior to any L1 change (if at all), do you consider that the Platform should recommend to include some NSI activities in the taxonomy by e.g. creating a generic category for 'green' service providers under the adaptation or other objectives?

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not applicable

Please explain your answer to question 15:

1000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

The maximum file size is 1 MB.

You can upload several files.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

f035c6eb-b4fe-4fb6-81b2-b021f155ea25/ShareAction_statement_extended_taxonomy_consultation_2021.pdf

Useful links

[Call for feedback document \(https://ec.europa.eu/info/files/2021-extended-taxonomy-report-call-for-feedback-document_en\)](https://ec.europa.eu/info/files/2021-extended-taxonomy-report-call-for-feedback-document_en)

[Draft report on a extended taxonomy \(https://ec.europa.eu/info/files/210712-sustainable-finance-platform-report-extended-taxonomy_en\)](https://ec.europa.eu/info/files/210712-sustainable-finance-platform-report-extended-taxonomy_en)

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[Specific privacy statement \(https://ec.europa.eu/info/files/2021-extended-taxonomy-report-specific-privacy-statement_en\)](https://ec.europa.eu/info/files/2021-extended-taxonomy-report-specific-privacy-statement_en)

Contact

